



## PharmaCielo Announces its Financial Results for the First Quarter 2019

- Well capitalized with a cash and cash equivalents balance of \$40.8 million as of March 31, 2019
- Working towards first commercial sales in the 2<sup>nd</sup> half of 2019
- Area under cultivation has grown to ~12 hectares from ~10 hectares at the end of 2018, a 20% increase in area under cultivation
- Construction of Colombian processing facility progressing toward production in late Q2/early Q3
- Currently in active negotiations in multiple markets in South America and the EU

*All figures are in CDN dollars unless otherwise specified*

**TORONTO, Canada and RIONEGRO, Colombia** (May 27, 2019) – **PharmaCielo Ltd.** (“**PharmaCielo**” or the “**Company**”) (**TSXV:PCLO**), the Canadian parent of Colombia’s premier cultivator and producer of medicinal-grade cannabis oil, PharmaCielo Colombia Holdings S.A.S., today announced its financial results for the first quarter ended March 31, 2019.

“PharmaCielo has made significant progress over the past six months toward its objective of generating commercial sales during the second half of 2019,” said David Attard, Chief Executive Officer, PharmaCielo Ltd. “The team has achieved the milestones it has targeted – significantly increasing cultivation, expanding oil production capacity, establishing the national cultivar’s largest licensed strain portfolio, growing the distribution network, entering JV’s in two markets, bolstering R&D with appointment of a top-tier scientific and medical advisory board and receiving the coveted ISO9001 quality assurance certification.”

“2019 will continue to be an exciting year for the Company as we focus on completing and producing out of our new oil production facility, generating initial sales and growing sales channels. We are well-capitalized to achieve our objectives and expect to see sales significantly expand into 2020, driven by value-add product development and activation of our international and Colombian sales channels.” added Attard.

### **Financial Highlights – Q1 – 2019**

#### *Operating Results*

*All comparisons below are to the quarter ended March 31, 2018, unless otherwise noted*

- Total operating expenses of \$4.8 million as compared to \$9.6 million
- Net loss of \$7.7 million as compared to \$10.0 million

#### *Balance Sheet*

*All comparisons below are to December 31, 2018, unless otherwise noted*

- Cash and cash equivalents of \$40.8 million as compared to \$45.7 million
- Total assets of \$64.6 million as compared to \$66.3 million

- Total liabilities of \$3.6 million as compared to \$3.0 million

### **Discussion of Operations**

The Company's net loss totaled \$7.7 million for the three-months ended March 31, 2019 (compared to \$10.0 million for the three-months ended March 31, 2018), with a basic loss per common share of \$0.08 for the three-months ended March 31, 2019 versus a basic loss per common share of \$0.13 for the three-months ended March 31, 2018.

This net loss was primarily due to reverse takeover listing expense of \$2.4 million for the three-months ended March 31, 2019 (compared to \$Nil in the three-months ended March 31, 2018), common share-based expense of \$1.4 million for the three-months ended March 31, 2019 (compared to \$7.6 million in the three-months ended March 31, 2018), Salaries and wages \$850,403 for the three-months ended March 31, 2019 (compared to \$172,063 in the three-months ended March 31, 2018), and Agricultural pre-operational costs of \$906,225 for the three-months ended March 31, 2019 (compared to \$331,766 in the three-months ended March 31, 2018).

Other expenses were principally due to operating expenses to continue the construction of the Research Technology and Processing Centre.

### **About PharmaCielo**

PharmaCielo Ltd. (TSXV:PCLO) is a global company, headquartered in Canada, with a focus on ethical and sustainable processing and supplying of all natural, medicinal-grade cannabis oil extracts and related products to large channel distributors. PharmaCielo's principal (and wholly owned) subsidiary is PharmaCielo Colombia Holdings S.A.S., headquartered at its nursery and propagation centre located in Rionegro, Colombia.

The boards of directors and executive teams of both PharmaCielo and PharmaCielo Colombia Holdings are comprised of a diversely talented group of international business executives and specialists with relevant and varied expertise. PharmaCielo recognized the significant role that Colombia's ideal location will play in building a sustainable business in the medical cannabis industry, and the Company, together with its directors and executives, is executing on a business plan focused on supplying the international marketplace.

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**Forward Looking Statements:**

*Certain statements contained in this news release, such as those relating to anticipated commercial sales in 2019, growing sales channels, expansion of sales in 2020, product development, and the completion of the Colombian processing facility and progressing toward production may contain "forward-looking information" as such term is used in applicable Canadian securities laws. Forward-looking information is based on plans, expectations and estimates of management at the date the information is provided and is subject to certain factors and assumptions, including that the Company's financial condition and development plans do not change as a result of unforeseen events. Forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause plans, estimates and actual results to vary materially from those projected in such forward-looking information. Factors that could cause the forward-looking information in this news release to change or to be inaccurate include, but are not limited to, the risk that any of the assumptions referred to prove not to be valid or reliable, that occurrences such as those referred to above are realized and result in delays, or cessation in planned work, that the Company's financial condition and development plans change, and delays in regulatory approval, as well as the other risks and uncertainties applicable to cannabis producing companies and to the Company. The Company undertakes no obligation to update these forward-looking statements, other than as required by applicable law.*

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